

New Zealand Post Superannuation Plan

Annual Report 2009

New Zealand Post 

A MESSAGE FROM THE CHAIRMAN

Plan weathers tough economic times

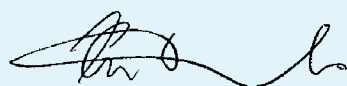
With news of a global recession, international financial crises and falling sharemarkets dominating the headlines for many months now, it will come as no surprise that this has been another difficult year for some of the Plan's investments. The Trustees have continued to support the preservation of capital as the primary element of our strategy. The good news is that the cash fund has continued to perform solidly. And while the balanced fund has produced a negative return, it has outperformed the balanced funds of many similar New Zealand superannuation funds.

Recording a negative return for the balanced fund for a second successive year is disappointing but I am confident our management team has done everything possible to minimise losses in what continues to be a tough economic and financial climate. It is worth remembering that saving for retirement is a long-term game. The management team still expects the balanced fund to outperform the cash fund in the long term.

That said, it is a good idea to review your investment choice from time to time, especially as you get closer to retirement. You need to be confident the fund you have chosen – or the mix of funds – is right for you. Remember, past returns are no indication of future returns and it is best to choose a fund based on your personal situation. We recommend you talk to a qualified investment advisor if you're unsure what to do.

Despite the negative return for the balanced fund, most members' overall savings will have increased since last year. This is because of the employer contribution. This is money you wouldn't get the benefit of if you didn't belong to the Plan.

Charting a steady course in difficult times is not easy and I would like to recognise the continued dedication of the management team Nick Economu, Hamish Dahya, Ewen Griffiths and Rupert Gough in rising to this challenge.



Ken Douglas
Chairman

THE NUMBERS

Fund performance for the year to 31 March 2009
(after tax and expenses)

Prescribed Investor Rate	Cash fund	Balanced fund
19.5%	6.20%	-4.08%
30%	5.39%	-5.02%

The returns on your savings in the Plan are set out on the enclosed Statement of benefits and contributions. Make sure you let us know if your Prescribed Investor Rate changes (see page 2).

Fund value at 31 March 2009

Cash fund	Balanced fund	Total value
\$48.8 million	+ \$75.8 million	= \$124.6 million

You can change investment funds by completing a Change of investment form (see page 2).

Membership at 31 March 2009

Members belonging to the main section of the Plan	Members belonging to the CSF section or to both sections of the Plan	Total members ¹
4,510	+ 186	= 4,696

The Plan has two membership sections, a standard section simply called the NZP Super Plan and a section called the CSF section². CSF members are subject to certain criteria similar to a KiwiSaver scheme, so they can obtain some (but not all) of the benefits available to KiwiSavers. Get in touch if you would like to know more about joining the CSF section.

See pages 3 and 4 for more information about fund performance, fund value and membership.

¹ Excluding deferred members.

² The CSF section (Complying Superannuation Fund) meets requirements enabling the Plan as a whole to be treated as a complying superannuation fund by members who join the CSF section.



Making changes

Get in touch if you need to make a change.

Let HR know if your address changes

If you work for New Zealand Post, please let HR know your new home address if you move. The number to call is 0800 767 800. If you work for one of New Zealand Post's subsidiary companies, call Mercer on **0800 697 728**.

Updating your beneficiaries

Your nominated beneficiary is the person(s) you would like the Trustees to consider paying your benefit from the main section of the Plan to if you die while still a member of the Plan. Your nominated beneficiaries are listed on the Statement of benefits and contributions included with this report. Please check this information and let us know if you need to change it. Be aware, however, that the Trustees decide who to pay this benefit to, and your nominated beneficiary is just one of the people the Trustees could pay your benefit to.

Changing your tax rate

Your savings in the Plan are taxed at 19.5% or 30% depending on what Prescribed Investor Rate or PIR you have elected. Your current PIR is shown on your benefit statement. If your income has changed, and you think you may need to change your PIR, get in touch with Mercer and ask them to send you an Advice of personal tax rate form. The form includes information to help you work out the right rate for you. It's important to use the correct PIR – you don't want to pay more tax than you need to, and if you're not paying enough you need to repay the shortfall and may be liable for penalties and interest.

Changing investment funds

The Plan offers a choice of investment funds – the cash fund and the balanced fund. You can choose to invest your savings in either fund or a mix of both. Your current choice is shown on the enclosed Statement of benefits and contributions. You can make a change once each year (at any time during the year) by filling in a Change of investment form. We will action your change from the beginning of the month after we receive your form.

Changing your contribution rate

Generally, you can increase but not decrease your contributions to the Plan. Contact Mercer or your payroll office and ask for an Application to alter contributions form. The options available to you are listed on the form.

How to get in touch

Connect direct to the team at Mercer if you have a question about your retirement savings, want an up-to-date investment statement for the Plan or need to make a change. The freephone number to call is **0800 NZP SAVE (0800 697 728)**. There's someone available to take your call from 9:00am until 9:00pm Monday to Friday (excluding public holidays). You can also email your request to nzpostsuper@mercer.com or fax (04) 914 0434. Correspondence to the Trustees should be sent to Nick Economu at New Zealand Superannuation Plan, Private Bag 39990, Wellington Mail Centre, Lower Hutt 5045.

You can find out the current value of your superannuation benefit at any time and follow the performance of the funds by visiting www.superfacts.co.nz. Here's the information you'll need to sign in:

Employer number: Enter this number: 900151 (all members use this same number).

Member number: Enter your seven-digit individual member number. This number is printed on the front of this statement.

PIN: Enter the PIN number sent to you by Mercer. Call **0800 697 728** if you've forgotten your PIN.



The year in review



Investment performance

During the year, investors worldwide witnessed huge falls in the value of their investments. Virtually all asset classes were impacted, with the severity of the global credit crisis causing unprecedented volatility in financial markets. The balanced fund's conservative approach – and good returns from its cash holdings – lessened the negative impact on returns. The cash fund had a satisfactory year having locked into comparatively high interest rates.

This year we reviewed the Plan's investment advisor role and appointed a new investment advisor: Jonathan Eriksen from Eriksen & Associates.

Returns

This table shows the percentage returns (or 'crediting rate') for the fund. The returns are after tax and expenses. Because members are taxed at different rates, a number of funds are now reporting gross rather than net returns. In other words, returns before tax and expenses are deducted. Keep this in mind when you are comparing returns from different funds and make sure you're comparing 'apples with apples'.

Crediting rate (%)	2005	2006	2007	2008		2009	
Tax rate	33%	33%	33%	19.5%	33%	19.5%	30%
Cash fund	4.60	5.07	5.40	5.81	5.28	6.20	5.39
Balanced fund	3.00	7.11	2.50	-3.62	-3.99	-4.08	-5.02

Please note that past returns are no guarantee of future returns.

Fund value

This table shows the change in value of the fund's assets over the last five years.

Fund value (\$million)	Cash fund	Balanced fund	Total
2005	14	89.7	103.7
2006	20.9	95.1	116
2007	22	100	122
2008	24	97	121
2009	48.8	75.8	124.6

This table shows the percentage of the Plan's total assets invested in the cash and balanced funds.

Total assets invested in each fund (%)	Cash fund	Balanced fund
2005	14	86
2006	18	82
2007	18	82
2008	20	80
2009	39	61

Membership

Changes in membership	Year ended 31 March 2008	Year ended 31 March 2009
Active members at the start of the year	4,931	4,801
<i>Plus</i>		
New members	776	568
Subtotal	5,707	5,369
<i>Less</i>		
Retirements	60	51
Withdrawals/resignations	774	601
Voluntary severances	65	15
Deaths/disablements	7	6
Active members at the end of the year	4,801	4,696
<i>Plus</i>		
Deferred members	13	9
Membership at the end of the year	4,814	4,705

CSF section

	2008	2009
Number of members	143	186
Market value of assets subject to complying fund rules	\$192,812	\$727,137
Value of withdrawals subject to complying fund rules	\$5,107	\$54,096

Fees paid by members of the CSF section have not increased during the year.

Asset class ranges

Risk profile

The Plan is legally a single fund, but as a member, you have the choice of two investment pools (which we call 'funds') which determine the types of investments your contributions are allocated to. Each fund invests in a mix of investment types. These are called asset classes. The mix of assets gives each fund its particular risk profile. With all investments, there is a trade-off between return and risk. In general: the higher the return the greater the risk. Income assets (cash and fixed interest) are generally lower-risk, lower-return investments. Growth assets (shares and property) generally carry a higher degree of risk and a higher potential return. The cash fund currently invests only in income assets. The balanced fund invests in a mix of income and growth assets.



Benchmark portfolios

The Trustees have set a benchmark portfolio for each fund. This contains theoretical holdings in a mix of asset classes. It is designed to represent that fund's risk and return profile. The investment managers adjust these holdings according to the current financial outlook and the risks and returns associated with that outlook. The total amount invested in each asset class must be within a given range, although these ranges, and the asset classes each fund invests in, may be changed. The benchmark portfolios at 31 March 2009 are:

Cash fund

Asset class	Benchmark	Range	2008-2009 average
Call account and term deposits	100%	100%	100%

Balanced fund

Asset class	Benchmark	Range	2008-2009 average
Cash and equivalents	15%	0-60%	28%
New Zealand fixed interest	30%	0-40%	26%
International fixed interest*	5%	0-20%	0%
New Zealand shares	15%	0-20%	12%
International shares	35%	0-45%	34%

*Offshore cash holdings have been grouped with international shares as resolved by the Trustees.

Interim interest rate periods

Below are the interim monthly interest rates applied to members exiting the Plan during the year to 31 March 2009.

Period ending	Balanced fund		Cash fund	
	30%	19.5%	30%	19.5%
30 April	2.50	2.57	0.45	0.52
31 May	0.40	0.46	0.46	0.52
30 June	-2.18	-2.06	0.52	0.59
31 July	1.77	1.84	0.50	0.58
31 August	2.02	2.06	0.42	0.48
30 September	-3.70	-3.63	0.45	0.52
31 October	-2.32	-2.20	0.54	0.63
30 November	-1.20	-1.10	0.52	0.60
31 December	0.45	0.58	0.32	0.36
31 January	2.54	2.59	0.39	0.44
28 February	-4.57	-4.44	0.47	0.54
31 March	-0.73	-0.74	0.36	0.41



The Trustees of your Plan (from left to right) Anna Kenny, Peter Fenton, Peter Schuyt, Philippa Dunphy, Sara Lunam.
Inset: Terence Delaney (top) and Ken Douglas (Chairman).

Directory

Trustees

Kenneth George Douglas – Chairman
 Terence Brian Delaney
 Philippa Jane Dunphy
 Peter Thomas Fenton
 Anna Ngaire Gudrun Kenny
 Sara Maree Lunam
 Peter Martin Schuyt

Retired Trustees

None

Staff Management Team

Nick Economu
 Ewen Griffiths
 Hamish Dahya
 Rupert Gough

Accountants & Tax

Deloitte

Administration Manager

Mercer (N.Z.) Limited

Auditors

PricewaterhouseCoopers

Communications

Metzger Communications

Custodian Trustees

Trustees Executors Limited
 State Street Limited

Insurers

Sovereign Limited
 Tower Limited

Investment Advisor

Eriksen & Associates Limited

Investment Managers

New Zealand Post staff management
 team with assistance from:

Wealth and Fitness Limited
 Exane BNP Paribas Limited
 Forsyth Barr Limited
 Merrill Lynch, Pierce, Fenner & Smith Inc

Solicitors

Kensington Swan

Financial reports



Abridged annual accounts

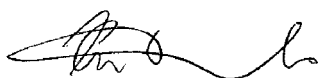
STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2009		
2008		2009
\$	Investment and administration activities	\$
(286,763)	Investment revenue	1,145,099
(268,528)	Investment expenses	(313,867)
(382,101)	Administration expenses	(409,296)
(937,392)	Net (loss)/surplus before taxation and membership activities	421,936
(928,689)	Taxation expense	-
(1,866,081)	Net (loss)/surplus after taxation	421,936
	Membership activities	
20,842,182	Contributions	20,598,840
(19,612,752)	Withdrawals, retirements and other benefits	(13,931,840)
1,229,430	Net contributions received	6,667,000
	LIABILITY FOR PROMISED RETIREMENT BENEFITS for the year ended 31 March 2009	
121,790,753	Liability for promised retirement benefits at beginning of year	120,160,494
(1,866,081)	Net (loss)/surplus after taxation	421,936
1,229,430	Net contributions received	6,667,000
(257,000)	Insurance premiums	(382,976)
53,897	Insurance proceeds	352,527
(790,505)	PIE tax expense allocated to members	(2,621,901)
120,160,494	Liability for promised retirement benefits at end of year	124,597,080

STATEMENT OF NET ASSETS at 31 March 2009		
2008		2009
\$	Current assets	\$
24,732,268	Cash and cash equivalents	21,564,603
3,779,367	Trade and other receivables	3,460,842
1,324,448	Tax receivable	-
	Financial assets held at fair value through profit or loss	
24,835,908	NZ fixed interest	16,742,766
12,185,327	NZ shares	11,382,708
26,759,271	International shares	24,972,591
27,447,023	Short-term deposits	47,771,421
91,227,529		100,869,486
121,063,612	Total assets	125,894,931
	Less current liabilities:	
903,118	Payables	712,858
-	Tax payable	584,993
120,160,494	Net assets available to pay benefits at end of year	124,597,080

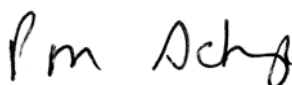


STATEMENT OF CASHFLOWS for the year ended 31 March 2009		
2008		2009
\$		\$
(269,363)	Net cashflows from operating activities	5,174,866
(16,964,933)	Net cashflows from investing activities	(9,265,213)
(17,234,296)	Net decrease in cash held	(4,090,347)
42,323,055	Opening cash	24,732,268
(356,491)	Exchange rate (losses)/gains	922,682
24,732,268	Closing bank balances	21,564,603

On behalf of the Trustees



18 June 2009



18 June 2009

The Plan is a defined contribution superannuation scheme, registered and domiciled in New Zealand, and is registered under the Superannuation Schemes Act 1989.

The financial statements are prepared in accordance with the Financial Reporting Act 1993, the provisions of the Plan's Trust Deed, relevant legislative requirements and New Zealand Generally Accepted Accounting practice ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), as appropriate for profit orientated entities.

These summary financial statements have been extracted from the full financial statements for the year ended 31 March 2009 that were authorised for issue by the Trustees on 18 June 2009.

This summary financial information cannot be expected to provide as complete an understanding of the financial performance, financial position and cashflows of the Plan as provided by the full financial statements.

These summary financial statements have been prepared in accordance with FRS 43: *Summary Financial Statements*.

The full financial report has been audited and an unqualified opinion was issued on 18 June 2009. The full financial statements contain an explicit statement that they comply with IFRS.

A copy of the full set of financial statements is available free of charge from the Super Plan office. Please call **0800 697 728** if you would like to receive a full set of these financial statements.

Auditors' Report



To the members of the New Zealand Post Superannuation Plan

We have audited the summary financial statements of the Plan for the year ended 31 March 2009 on pages 7 to 9.

Trustees' responsibilities

The Trustees are responsible for the preparation and presentation of the summary financial statements in accordance with generally accepted accounting practice in New Zealand.

Auditors' responsibilities

We are responsible for expressing to you an independent opinion on the summary financial statements presented by the Trustees.

Basis of opinion

Our audit was conducted in accordance with New Zealand Auditing Standards and involved carrying out procedures to ensure the summary financial statements are consistent with the full financial statements on which the summary financial statements are based. We also evaluated the overall adequacy of the presentation of information in the summary financial statements against the requirements of FRS 43: *Summary Financial Statements*.

We have no relationship with or interests in the Plan other than in our capacity as auditors.

Unqualified opinion

In our opinion:

- (a) the amounts set out in the summary financial statements have been correctly extracted from the full financial statements of the Plan and are consistent in all material respects with the full financial statements, upon which we expressed an unqualified audit opinion in our report to the members dated 18 June 2009; and
- (b) the information reported in the summary financial statements complies with FRS 43: *Summary Financial Statements*.

We completed our work for the purposes of this report on 18 June 2009 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink that reads 'Price Waterhouse Coopers'.

Chartered Accountants
Wellington

Trustees' Statement

The Trustees of the New Zealand Post Superannuation Plan hereby confirm that:

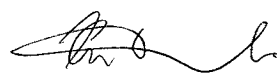
- All the contributions required to be made to the Plan in accordance with the terms of the Trust Deed have been made.
- All the benefits required to be paid from the Plan in accordance with the Trust Deed have been paid.
- The market value of the assets of the Plan at 31 March 2009 exceeded the total value of the benefits that would have been payable had all the members of the Plan ceased to be members at that date, and had provision been made for the continued payment of all benefits being paid to the members and other beneficiaries at 31 March 2009.
- During the year ended 31 March 2009, more than 10% of the market value of the assets of the Plan have been invested with Kiwibank Limited, a participating company in the Plan. These investments are term deposits and call accounts and totalled \$17,048,677 at 31 March 2009.
- Changes were made to the Trust Deed during the year to:
 - reflect changes to the minimum contribution rates to KiwiSaver schemes and complying superannuation funds (such as the CSF section of the Plan) made by the Government which took effect on 1 April 2009, and
 - allow members who belong to the CSF section of the Plan to direct whether any voluntary contributions they make are credited to their Locked-In Member Account, Voluntary Account or a combination of both.

Privacy Act

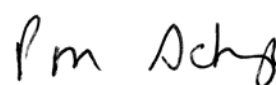
Your personal information may be held by and, when necessary, passed among New Zealand Post, the Trustees and the Plan's professional advisors for the purposes of the Plan. Please call **0800 697 728** if you wish to check or amend your personal information.

- The most recent Prospectus for the Plan was registered on 22 September 2004. The Plan is currently relying on the Securities Act (Employer Superannuation Schemes) Exemption Notice 2004 and does not have a current Prospectus. For the purpose of clause 8 of that Exemption Notice, the Trustees confirm that:
 - in their opinion, after due enquiry by them, neither of the following have materially and adversely changed since 31 March 2009:
 - the value of the Plan's assets relative to its liabilities (including contingent liabilities), and
 - the ability of the Plan to pay its debts as they become due in the normal course of business, and
 - no person was required to incur costs for the year to 31 March 2009 under the term of the offer required by clause 7 of the Securities Act (Employer Superannuation Schemes) Exemption Notice 2004 relating to funding any shortfall.
- The reserve account is currently used to recover the cost of the \$50,000 life cover offered to eligible members and to offset the cost of running the Plan. This is shown as a separate line on your Statement of benefits and contributions.

Signed for and on behalf of the Trustees:



Trustee
18 June 2009



Trustee
18 June 2009



Questions and Answers

Answers to questions we're often asked by members

Can I withdraw money from the Plan?

NZP Super Plan section (main section)

You cannot withdraw money from the Plan while you are still an employee except under these circumstances (and only if you meet the requirements set out in the Trust Deed):

- As part of a settlement under the Property (Relationships) Act (Matrimonial).
- You want to access some of your savings to use as a deposit to buy a first home.
- You have been forced or compelled to sell your home, or to buy out the interests of another person in your home, and as a result are suffering financial hardship.

You can read more about these housing-related benefits in the *Special bulletin for members* included with this report.

You can withdraw funds from your voluntary account if you have one (see next question).

CSF section

The rules governing withdrawals from the CSF section are generally the same as for KiwiSaver schemes. In most circumstances, any savings in this section of the Plan are locked in until you are 65 or you complete five years' membership (whichever is later). Go to www.kiwisaver.govt.nz/accessing-savings to find out more.

Can I make additional voluntary contributions?

Yes, you're welcome to use the Plan to make extra savings. Just contact your payroll office and tell them how much you would like to save each payday. We will open a voluntary account in the Plan in your name. If you belong to the CSF section, you can also direct voluntary contributions to the CSF section. You can withdraw some or all of the balance in your voluntary account by giving three months' notice in writing. You can only make a withdrawal once every six months. Your employer doesn't match voluntary contributions.

What happens when I leave?

It's up to you to claim your benefit if you leave New Zealand Post. You need to fill out an exit form (available from your payroll office). We will pay your benefit once the form is returned, any final superannuation deductions have been paid into the Plan and we have received any other information we need.

CSF section

You won't generally be able to access any savings you have in the CSF section if you leave the company before age 65. You will need to nominate another complying superannuation fund or KiwiSaver scheme for us to transfer your balance to.

What happens if I lose my job?

If you were made redundant, you would be paid the full balance of your employer, member and voluntary accounts, but wouldn't generally be able to access any savings you have in the CSF section. The payment process is the same as for the leaving service benefit (see previous question).

Got a question? Call 0800 NZP SAVE (0800 697 728)

